



Arnold Schwarzenegger
Governor

September 16, 2010
22M: 383:JP: 1049

Mr. Ron Crossley, Executive Director
Southeast Los Angeles County
Workforce Investment Board
10900 E. 183rd Street, Suite 350
Cerritos, CA 90703

Dear Mr. Crossley:

AMERICAN RECOVERY AND REINVESTMENT ACT
PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2009-10

This is to inform you of the results of our review for Program Year (PY) 2009-10 of the Southeast Los Angeles County Workforce Investment Board's (SELACO) activities funded by the American Recovery and Reinvestment Act of 2009 (ARRA). We focused this review on the following areas: program administration, local level monitoring, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and program operations including ARRA activities and participant eligibility.

This review was conducted from December 14, 2009 through December 17, 2009.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by SELACO with applicable federal and state laws, regulations, policies, and directives related to the ARRA grant.

We collected the information for this report through interviews with SELACO representatives and service provider staff. In addition, this report includes the results of our review of sampled case files, SELACO's response to Sections I and II of the ARRA Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2009-10.

We received your response to our draft report on March 11, 2010 and reviewed your comments and documentation before finalizing this report. Your response adequately addressed finding 2 cited in the draft report and no further action is required at this time. Your response did not adequately address findings 1 and 3 cited in the draft report therefore, we consider these findings unresolved. We request that SELACO provide the Compliance Review Office (CRO) with additional information and a corrective action plan to resolve the issues that led to the findings. Therefore, these findings remain open and have been assigned Corrective Action Tracking System (CATS) numbers 10082 and 10084.

BACKGROUND

For PY 2009-10, SELACO was allocated the following ARRA funds: \$456,619 to serve 120 adult participants; \$1,026,544 to serve 424 youth participants; and \$1,245,496 to serve 261 dislocated worker participants.

For the month ending December 2009, SELACO reported the following expenditures for its ARRA-funded activities: \$425,503 for adult participants; \$860,640 for youth participants; and \$729,899 for dislocated worker participants. In addition, SELACO reported the following enrollments: 152 adult participants; 393 youth participants; and 280 dislocated worker participants. We reviewed case files for 30 of the 825 participants enrolled in ARRA-funded activities as of December 14, 2009.

PROGRAM REVIEW RESULTS

While we concluded that, overall, SELACO is meeting applicable ARRA requirements, we noted instances of noncompliance in the following areas: Workforce Investment Board (WIB) composition, Youth Council composition, and dislocated worker eligibility. The findings that we identified in these areas, our recommendations, and SELACO's proposed resolution of the findings are specified below.

FINDING 1

Requirement: WIA Section 117(b)(2) states, in part, that membership of each WIB shall include representatives of businesses in the local area. It further states that these members must represent businesses with employment opportunities that reflect the opportunities of the local area and that are appointed from among individuals nominated by local business organizations and business trade associations.

20 CFR 661.315(d) states, in part, that a majority of the members of the local board must be representatives of businesses in the local area.

Observation: We observed that the composition of the WIB does not include the required majority of representatives of businesses in the local area. Specifically, the official composition of the WIB is 25 members. Of these 25 members, only 11 representatives are from the local business sector. As a result, the WIB needs two additional business members to establish a business majority.

These vacancies were previously noted in Compliance Review Office's (CRO) Final Monitoring Reports for PY 2007-08 and PY 2008-09.

Recommendation: We recommended that SELACO provide CRO with a Corrective Action Plan (CAP), including a timeline, for appointing the required business representative to the WIB. We also recommended that once these positions are filled, SELACO provide CRO with an updated roster of all members.

SELACO Response: The SELACO disagreed with the methodology for determining the composition of the WIB. They stated that the current board membership includes 13 business members and 12 non-business members. They further stated that it is virtually impossible to have all WIB seats filled at all times because the make up of the WIB is constantly changing and because of the time required for a new member to be appointed. Lastly, SELACO stated that the appointment of new members is the responsibility of their local elected officials and not the WIB itself.

During our PY 2009-10 Fiscal and Procurement on-site review, conducted the week of June 28, 2010, we collected an updated WIB roster and found that these same two business member seats were still vacant.

State Conclusion: Based on SELACO's response, we cannot resolve this issue at this time. While on-site, SELACO submitted their WIB roster (updated September 15, 2009) to CRO for review. In this roster, the SELACO lists two business member seats as "VACANT."

Of the 13 business member seats on the WIB, two of these seats have not been filled in the last three years. The SELACO may have 13 seats on the WIB representing the business sector, however, WIA Section 117(b)(2) states, in part, that the individuals from the business sector are to be appointed to fill the seats and to represent businesses that reflect the employment opportunities of the local area.

We again recommend that SELACO provide CRO with a CAP, including a timeline, for appointing the required business representatives to the WIB. We also recommend that once these positions are filled, SELACO provide CRO with an updated roster of all members. Until then, this issue remains open and has been assigned CATS number 10082.

FINDING 2

Requirement: WIA Section 117(h)(2)(A)(iv) states, in part, that the Youth Council shall include representatives of youth service agencies, including juvenile justice and local law enforcement agencies; representatives of local public housing authorities; and parents of eligible youth.

Observation: We observed that the composition of the SELACO Youth Council does not include representatives from juvenile justice or local law enforcement agencies, from local public housing authorities, or a parent of an eligible youth.

These vacancies were previously noted in CRO's Final Monitoring Reports for PY 2003-04, PY 2005-06, PY 2006-07; and PY 2007-08.

The SELACO stated that they created a Youth Council Brochure and a CD for use by council members as recruitment tools in an effort to encourage participation in the Youth Council. The SELACO also stated that they had not made any attempts to contact the local public housing authority.

Recommendation: We recommended that SELACO provide CRO with a CAP, including a timeline, for appointing the required representatives. We also recommended that once these positions are filled, SELACO provide CRO with an updated roster of all members.

SELACO Response: The SELACO stated that they have made several attempts to recruit individuals to the Youth Council including the development of brochures and CDs but their efforts have not been successful. They stated that while they will continue their recruitment efforts, as long as the law requires only SELACO to meet the requirements and not the organizations in question, it would be difficult to get the commitment needed for membership.

During our PY 2009-10 Fiscal and Procurement on-site review, conducted June 28, 2010, we collected an updated Youth Council roster and found that all of these member seats had been filled.

State Conclusion: Based on SELACO's response, we consider this issue resolved.

FINDING 3

Requirement: WIA Sections 101(9-10) state, in part, the term dislocated worker means an individual who has been terminated or laid off, and is unlikely to return to a previous industry or occupation, or an individual who is a displaced homemaker.

WIAD04-18, which transmits Title I Eligibility Technical Assistance Guide (TAG), defines a displaced homemaker as an individual who has been providing unpaid services to family members in the home and who has been dependent on the income of another family member but is no longer supported by that income; and is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

The TAG provides guidelines for documenting dislocated worker eligibility and includes the unlikely to return criterion. The TAG requires the use of acceptable documentation that an individual has been terminated or laid off and is unlikely to return to a previous industry or occupation.

The SELACO's Eligibility Policy Bulletin #010 reiterates these requirements and also states, in part, that for displaced homemakers, those individuals who have been dependent on public assistance may be served in the adult program.

Observation: We observed that seven of the 15 dislocated worker participant files reviewed were missing appropriate documentation to

substantiate that the participants were displaced homemakers. Specifically, the applicant statements identified the individuals as having been dependent on public assistance for periods ranging from two to three years.

In addition, we observed that one of the 15 dislocated worker participant files reviewed was missing appropriate documentation to substantiate that the participant was laid-off and unlikely to return to a previous industry or occupation. Specifically, the applicant statement identified the 19-year-old individual only as not having worked for "more than two years."

Recommendation: We recommended that SELACO provide CRO with documentation to substantiate that the eight participants referenced above are removed from both the WIA and the ARRA dislocated worker programs. These individuals may be served under the WIA or ARRA adult or youth program, as appropriate.

In addition, we recommended that SELACO provide CRO with a CAP, including a timeline, to ensure that, in the future, acceptable eligibility determination documentation is collected and maintained in each dislocated worker participant case file, as required.

SELACO Response: The SELACO provided documentation showing four of the eight had already been exited prior to the monitoring review and one participant was exited shortly after the review. They stated that they are unable to make adjustments in the Job Training Automation (JTA) Reporting System.

In addition, they stated that the remaining three participants would be removed from the WIA/ARRA dislocated worker programs and served for the duration of their participation under either the WIA or ARRA adult program.

The SELACO stated that their CAP would be to have supervisors remind the Intake and Career Development Specialist staff of the importance of verifying and collecting required documents when determining program eligibility.

State Conclusion: Based on SELACO's response, we cannot resolve this issue at this time. Even though the five participants were exited from the

program, SELACO did not submit dislocated worker eligibility documentation for the remaining three participants nor did they provide documentation that the three participants were actually removed from the WIA or ARRA dislocated worker programs.

We recommend that SELACO provide CRO with adequate documentation to substantiate that the three participants were actually moved from the WIA or ARRA dislocated worker programs and into the WIA or ARRA adult programs. If this cannot be completed, we recommend that SELACO provide CRO with documentation to demonstrate that all costs associated with serving these three participants, including Individualized Training Accounts totaling \$8,391, are backed out of the WIA and the ARRA programs and charged to a non-federal funding source.

We further recommend SELACO provide CRO with a CAP, including a timeline, to ensure that, in the future, acceptable eligibility determination documentation is collected and maintained in each dislocated worker participant case file, as required.

Until then, this issue remains open and has been assigned CATS number 10084.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Office. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than October 13, 2010. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Office
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is SELACO's responsibility to ensure that its systems, programs, and related activities comply with the ARRA grant program, federal and state regulations, and applicable

Mr. Ron Crossley

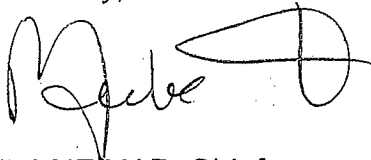
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September 16, 2010

state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SELACO's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mrs. Jennifer Shane at (916) 654-1292.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", with a large, stylized flourish extending to the right.Handwritten initials in black ink, possibly "JM", written to the left of the typed name.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Jose Luis Marquez, MIC 50
Daniel Patterson, MIC 45
Georganne Pintar, MIC 50
Gilbert von Studnitz, MIC 50